

Mecklenburg County

Quarterly Economic Update



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Report Summary

The US economy is still on solid ground with near record unemployment, favorable levels of consumer sentiment, and inflation near the Fed's target level. However, despite such favorable conditions the Fed recently eased monetary policy by reducing the fed funds rate by 25 basis points to stimulate the economy. Why?

The reason is due to uncertainty around events such as the trade war with China, Brexit, disruptions in Saudi oil production, and a weaker global economic outlook. Although the US economy is performing well, these events create uncertainty and can have far reaching consequences on the US economy depending on how they play out. The Fed is preemptively working to get ahead of any downturn and still has room to further cut rates if any of these events or future events negatively impact the US economy. However, the median projections of the Fed's dot plot show rates of 1.875% in 2019 and 2020 signaling a wait and watch strategy.

Mecklenburg's economy on the other hand continues to perform exceptionally well. The commercial, warehouse, and residential housing market continues to grow, and in all three markets supply constraints and high levels of demand continue to increase prices. Sales tax revenue is also up finishing the year up 4.6% despite refunds being deducted from County revenues being up 46.8%.

Looking ahead the greatest threat to the economy of both Mecklenburg and the US will likely originate from one or more of the events previously mentioned. How these events unfold can significantly alter the state of the economy.

Note: Unless otherwise noted all dates and charts refer to calendar year

National Summary

The nation's GDP grew at 2.0% in the second quarter, with GDP growth expected to average 2.2% in 2019 and 1.8% in 2020.



- Non-seasonally adjusted unemployment for the nation was 3.8% in August.
- US nonfarm payroll employment increased by 130,000 in August. The 3-month average was 156,000 and the 5-year average is 205,000 per month.
- Consumer sentiment posted a sharp decline from 98.4 to 89.8 based on fears of tariffs, higher unemployment, and lower wages.
- Core CPI increased to 2.4%. Tariffs and the recent attack on Saudi Arabia's oil refinery will likely continue to increase inflation in the near term.

National Summary	Most Recent	Current Level	1 Yr Ago	5 Yr Ago	10 Yr Ago
Real GDP Growth	Q2 2019	2.0%	3.5%	5.5%	-0.6%
Points Variance			-1.5%	-3.5%	2.6%
US Nonfarm Payroll	Aug-19	130,000	282,000	188,000	-184,000
Percentage Change			-53.9%	-30.9%	-170.7%
CPI-U	Jul-19	1.38%	2.45%	1.75%	-1.24%
Points Variance			1.1%	0.4%	-2.6%
Consumer Sentiment	Jul-19	98.4	97.9	81.8	66.0
Points Variance			0.5	16.6	32.4
US Leading Index	Jul-19	1.07%	1.33%	1.93%	-0.27%
Points Variance			-0.3%	-0.9%	1.3%
National Gas Prices	Aug-19	\$ 2.62	\$2.84	\$3.49	\$2.62
\$ Variance			\$0.22	\$0.65	-\$0.87

Notes: Green highlights above show improving statistics; red areas show declining statistics. Consumer Price Index for Urban Consumers (CPI-U) was not given a color ranking as inflation should be looked at relative to target inflation. Year over Year (YoY) points refer to percentage point variance. All YoY numbers are expressed in terms of the last update received. i.e. If the last available update was FY 2019 then the YoY will compare to FY 2018. References to specific dates indicates the YoY is calculated from that date.

Local Summary

- The unemployment rate in July for Mecklenburg is below North Carolina at 4.1% vs 4.4%, but higher than the national average at 4.0%.
- Sales taxes ended fiscal year 2019 up 4.6% from the previous year at \$257.9 million. Refunds were up 46.8% totaling \$47.5 million.
- The housing market sales broke a 19-month year-over-year decline in sales, increasing 3.1% over August 2018. Available homes for sell dropped 11% over the same period last year.
- In the second quarter of calendar year 2019, construction in the office and warehouse markets is booming with 3.1 million square foot in the office market and 4.3 million square foot of new space in the warehouse market.
- The County has not felt the full negative impacts of Chinese tariffs primarily due to the tariffs being concentrated in manufacturing and agriculture sectors. However, neighboring counties hold a larger concentration of affected industries which may have some residual effect in Mecklenburg.



Local Summary	Most Recent	Current Level	1 Yr Ago	5 Yr Ago	10 Yr Ago
Mecklenburg Population Level	FY 2018	1,093,901	1,077,311	990,785	891,819
Percentage Change			1.5%	10.4%	22.7%
Mecklenburg Poverty Population	FY 2017	120,634	127,889	153,049	93,220
Percentage Change			-5.7%	-21.2%	29.4%
Mecklenburg Poverty Population %	FY 2017	11.2%	12.1%	15.8%	10.8%
Points Variance			-0.9%	-4.6%	0.4%
Mecklenburg Unemployment Rate	Jul-19	4.1%	4.1%	6.9%	10.8%
Points Variance			0.0%	-2.8%	-6.7%
Mecklenburg Employed	Apr-18	590,382	564,567	481,963	436,055
Percentage Change			4.6%	22.5%	35.4%

Notes: Green highlights above show periods of positive results; red areas show declining results.

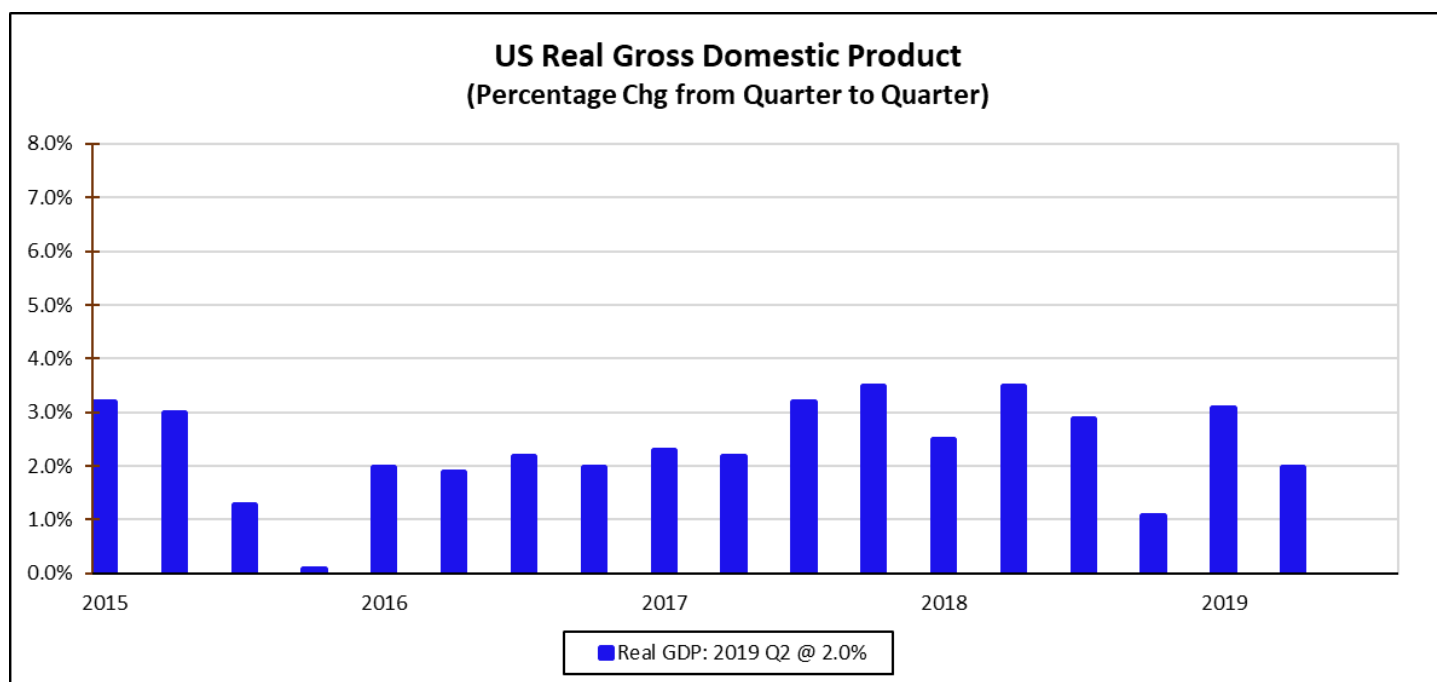
Gross Domestic Product

The US grew 2.0% in the second quarter, stronger than the consensus estimate of 1.8%, largely due to increased consumer spending.

Personal Consumer Expenditures rose 4.3% in the second quarter. Consumer spending showed a 12.9% increase in durable goods which was its strongest growth in the past five years. Durable goods are items that are long lasting such as vehicles, appliances, and furniture. Non-durable goods grew 6.0% during the quarter while spending on services increased 2.5%. Overall these figures show that American's are doing well and not holding back on making purchases.

Government spending (up 5%) played a role in the solid GDP figure. Growth in government spending hit a five-year high, but government spending should likely fall as the average monthly growth rate over the past five years has only averaged 1.6%.

There were areas of weakness in the report such as residential investment which has had negative quarterly growth since the 1st quarter of 2018. Exports were down 5.2% which is likely resulting from the ongoing trade dispute.



Source: Bureau of Economic Analysis

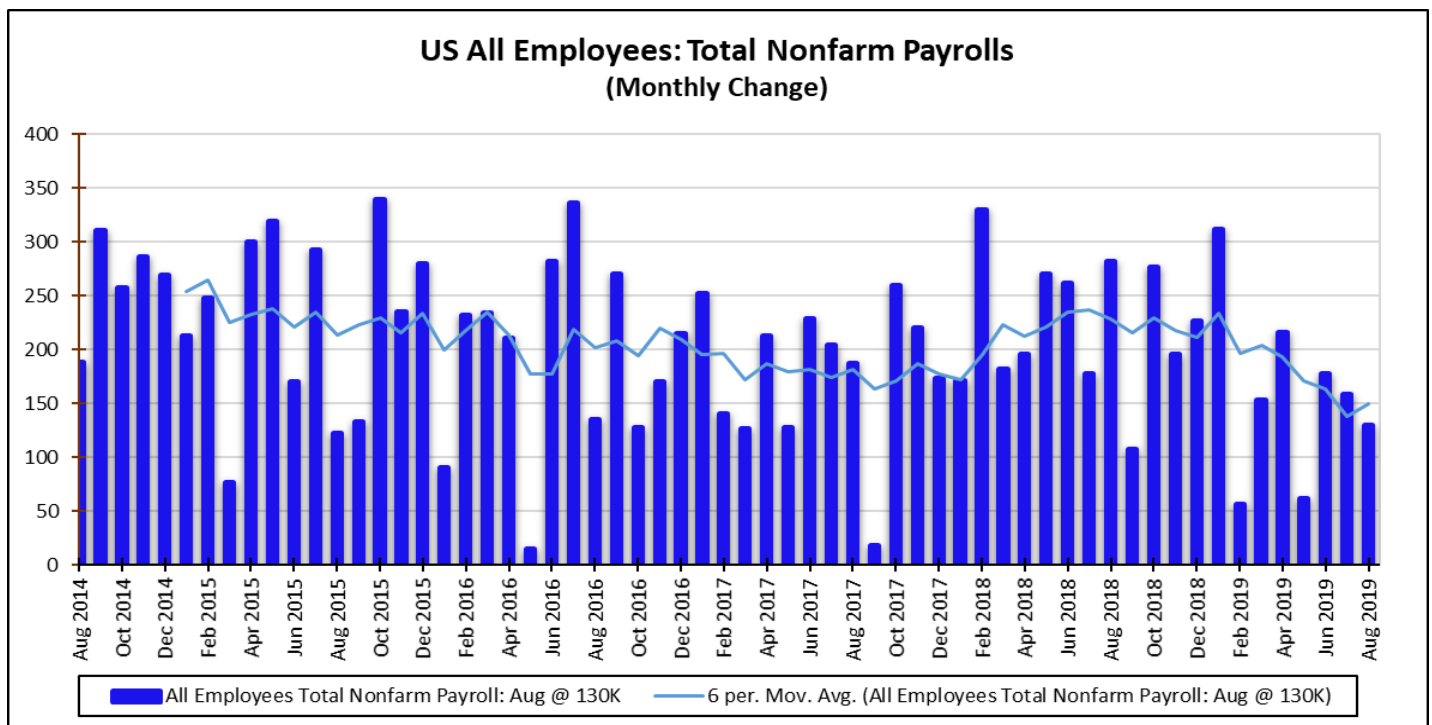
Employment

August posted job gains of 130k, employment in the federal govt rose, but private hiring was down.

Total nonfarm payroll employment rose by 130,000 in August. Of which only 96,000 come from the private sector with a jump in federal employment from the hiring of temporary workers for the 2020 Census. Notable job growth was found in finance and health care which favors the County as those are Mecklenburg's largest industries.

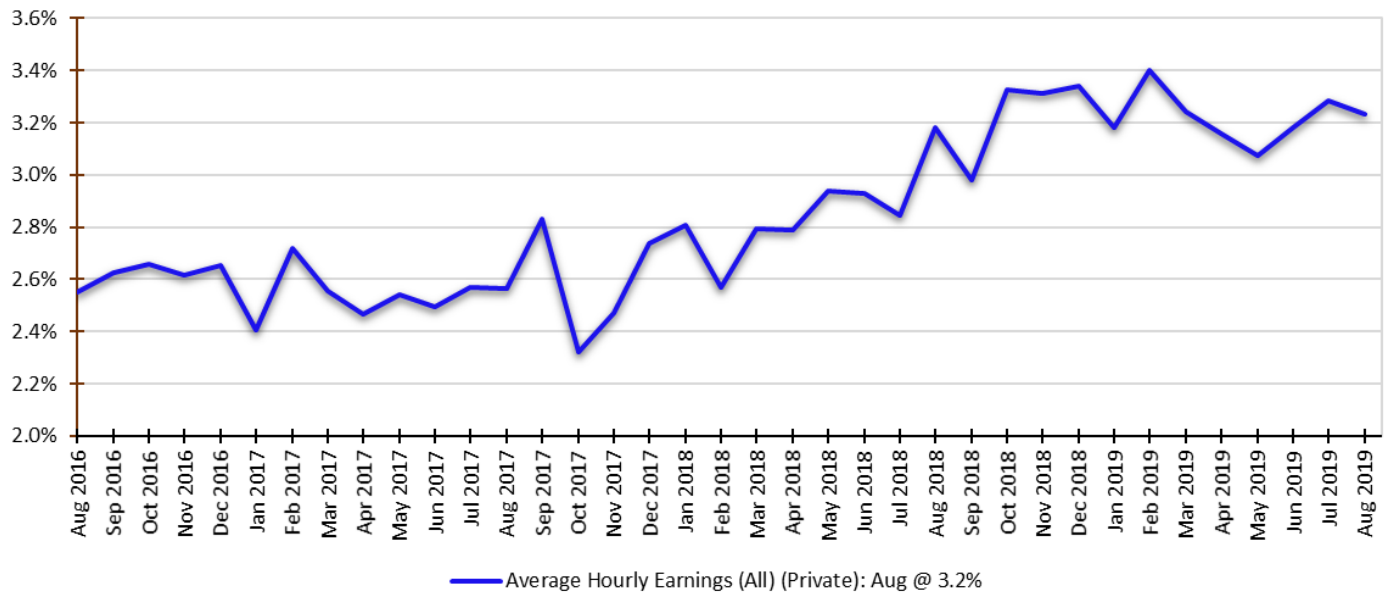
Unemployment Rates as of August 2019 (non-seasonally adjusted)

US	4.0%
NC	4.4%
Mecklenburg County	4.1%

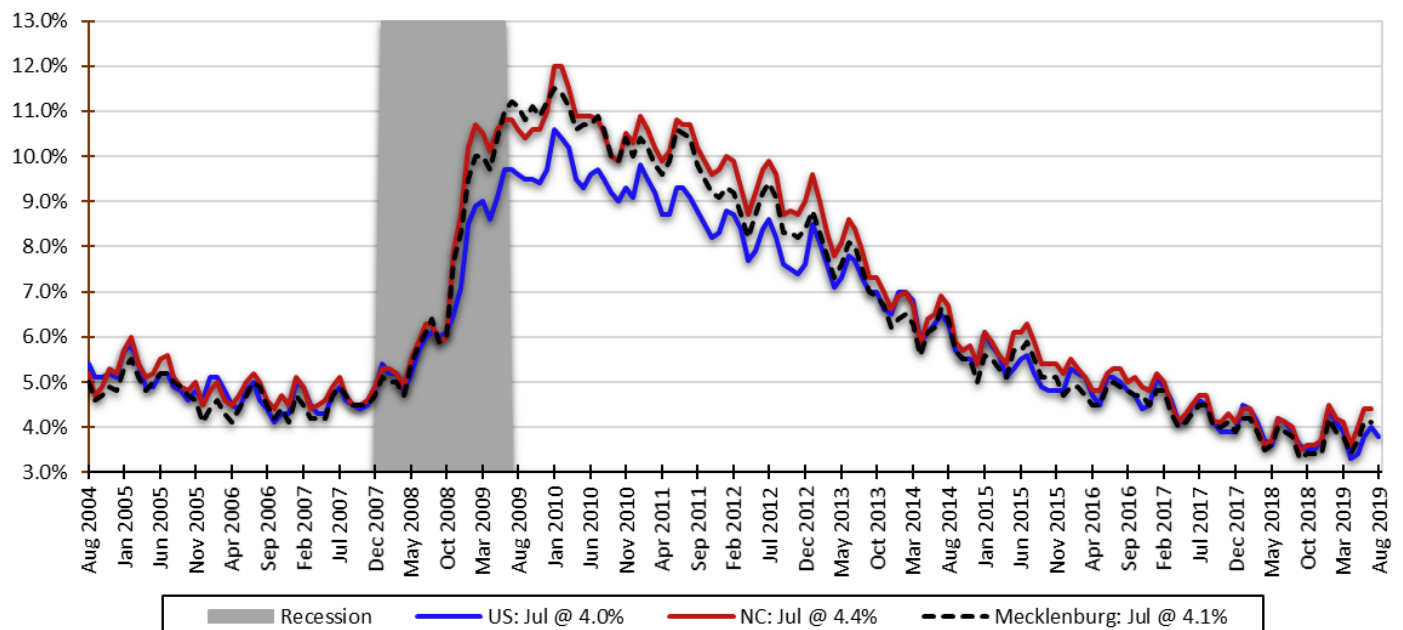


In August, average hourly earnings for all employees on private nonfarm payrolls rose by 11 cents to \$28.11, following 9-cent gains in both June and July. Over the past 12 months, average hourly earnings have increased by 3.2 percent. In August, average hourly earnings of private-sector production and nonsupervisory employees rose by 11 cents to \$23.59.

Average Hourly Earnings of All Private Employees (Year over Year Percentage Change)



Unemployment Rate (Not Seasonally Adjusted)



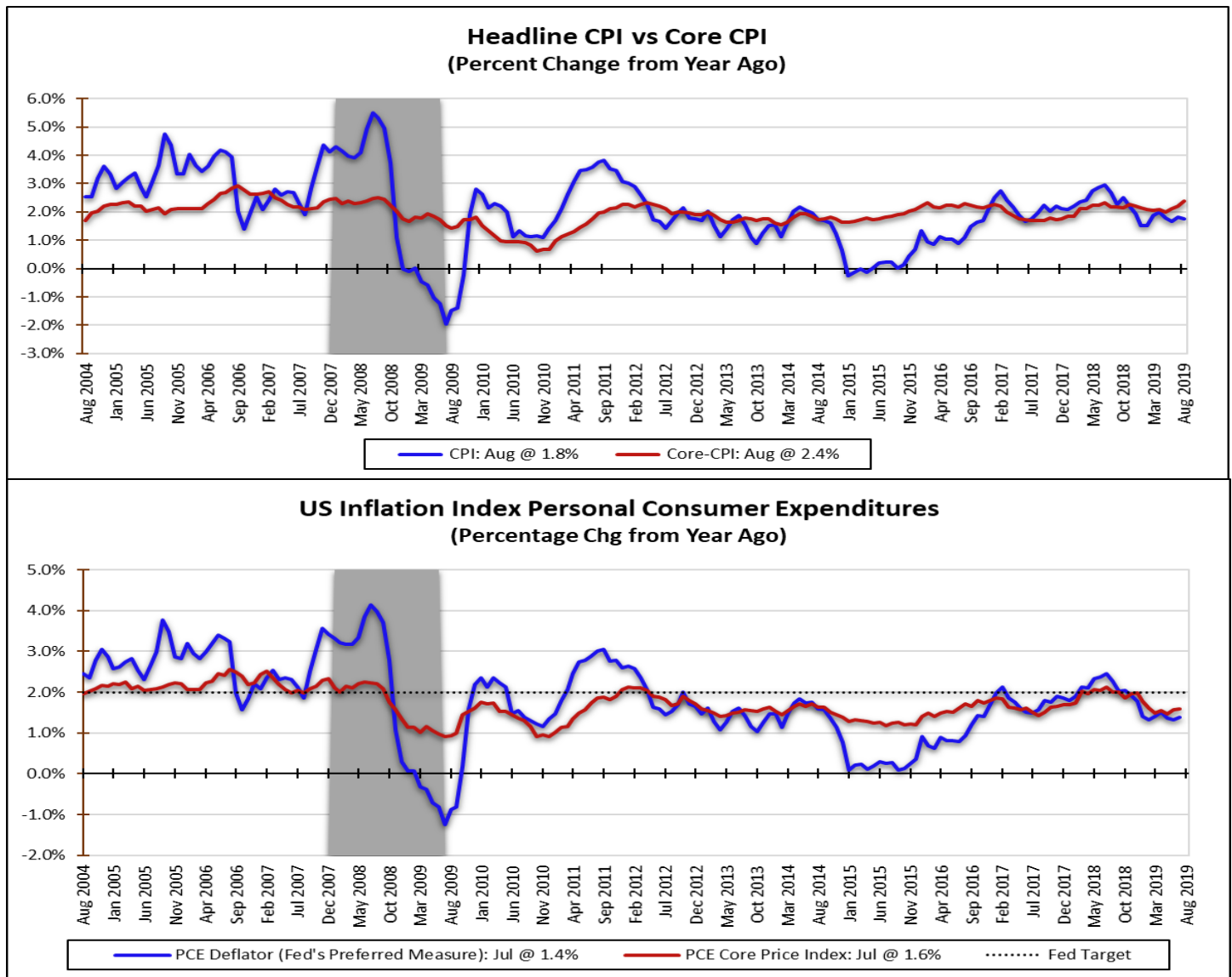
Source: Bureau of Labor Statistics and NC Commerce Dept

Inflation

Core-Inflation is on the rise but will likely not be enough to prevent the lowering the fed fund rate.

Core-inflation shown in red in the top graph has increased over the past few months and now sits at its highest rate since September of 2008. The CPI figures show that currently inflation should be falling in line with the Fed's expectations as inflation measured by the core CPI deflator typically runs around 30 basis points higher than the Core PCE which the Fed uses as its gauge on inflation. It should be noted that this report does not account for the tariffs on a wide variety of consumer imports from China.

Further tariffs will initially push prices higher, but the effects are generally temporary. With inflation near the target level the Fed will likely continue to focus on the economic slowdown the tariffs are causing rather than the short-term inflation boost. For this reason, it is likely the Fed will continue to ease rates even in the face of inflation. However, the impact from the recent attack on Saudi Arabia's oil refinery could further increase inflation which may alter the Feds course of action.



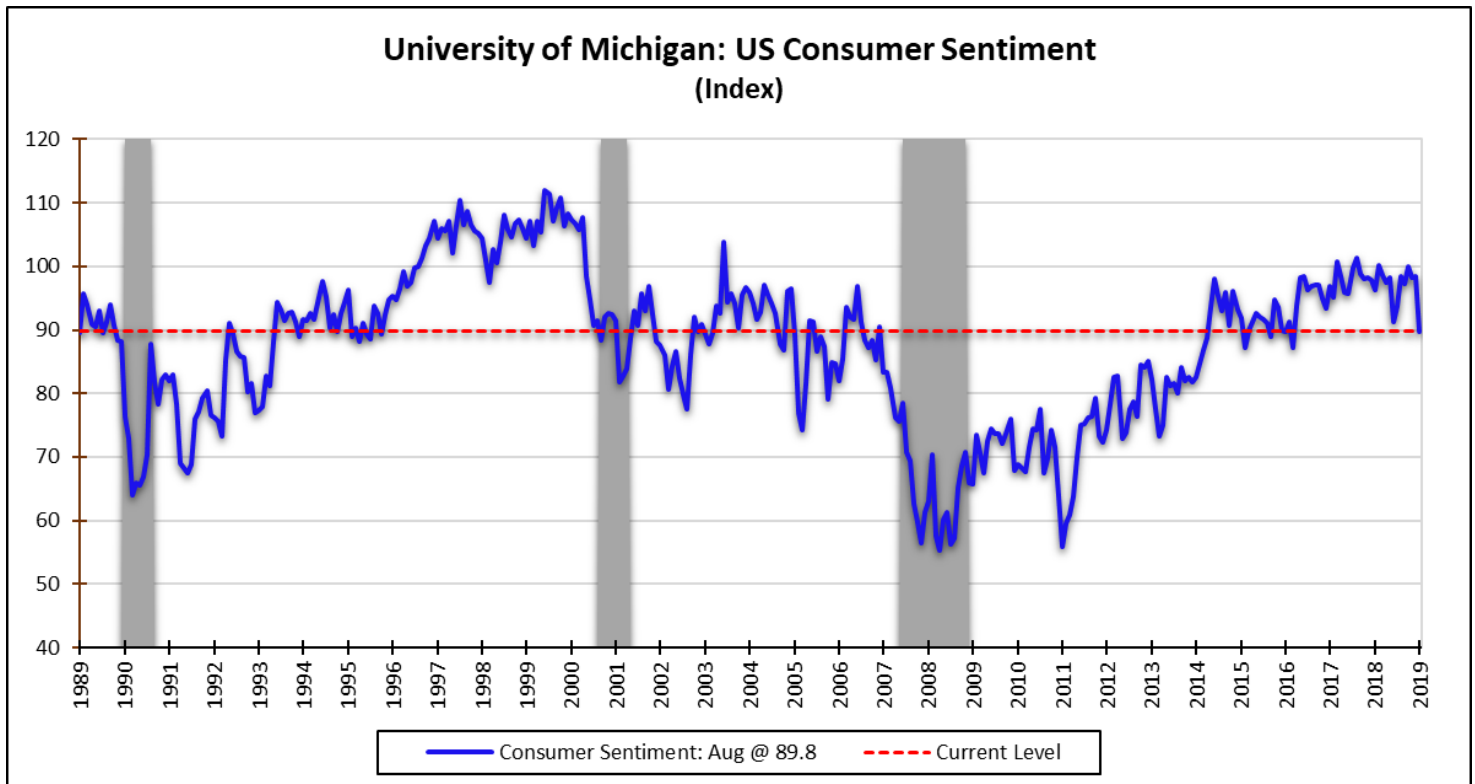
Consumer Sentiment

Fears of tariffs grip the country as a third of respondents cited tariff related concerns even though no question specifically mentioned tariffs or trade on the survey.

The Consumer Sentiment Index posted its largest monthly decline in August 2019 (-8.6 points) since December 2012 (-9.8 points). In the latest survey, a third of consumers cited negative references to tariffs and many paired those concerns with increased inflation, higher unemployment, and lower wage growth. This is significant as there was not a specific question in the survey about trade.

Overall buying attitudes toward appliances, home electronics and other household durables fell to their lowest level in five years, with net price references more negative than any time since June 2008.

University of Michigan's economist and director of the survey remarked, "While the overall level of sentiment is still consistent with modest gains in consumption during the year ahead, the data nonetheless increased the likelihood that consumers could be pushed off the tariff cliff in the months ahead. This could result in a much slower growth in consumption and the overall economy.



Source: University of Michigan

Leading Economic Indicator (LEI)

LEI suggests the US will continue to expand in the second half of 2019, but at a moderate pace

The Conference Board Leading Economic Index® (LEI) for the U.S. increased 0.5 percent in July to 112.2 (2016 = 100), following a 0.1 percent decline in June, and a 0.1 percent decline in May.

“The US LEI increased in July, following back-to-back modest declines. Housing permits, unemployment insurance claims, stock prices and the Leading Credit Index were the major drivers of the improvement,” said Ataman Ozyildirim, Senior Director of Economic Research at The Conference Board. “However, the manufacturing sector continues exhibiting signs of weakness and the yield spread was negative for a second consecutive month. While the LEI suggests the US economy will continue to expand in the second half of 2019, it is likely to do so at a moderate pace.”

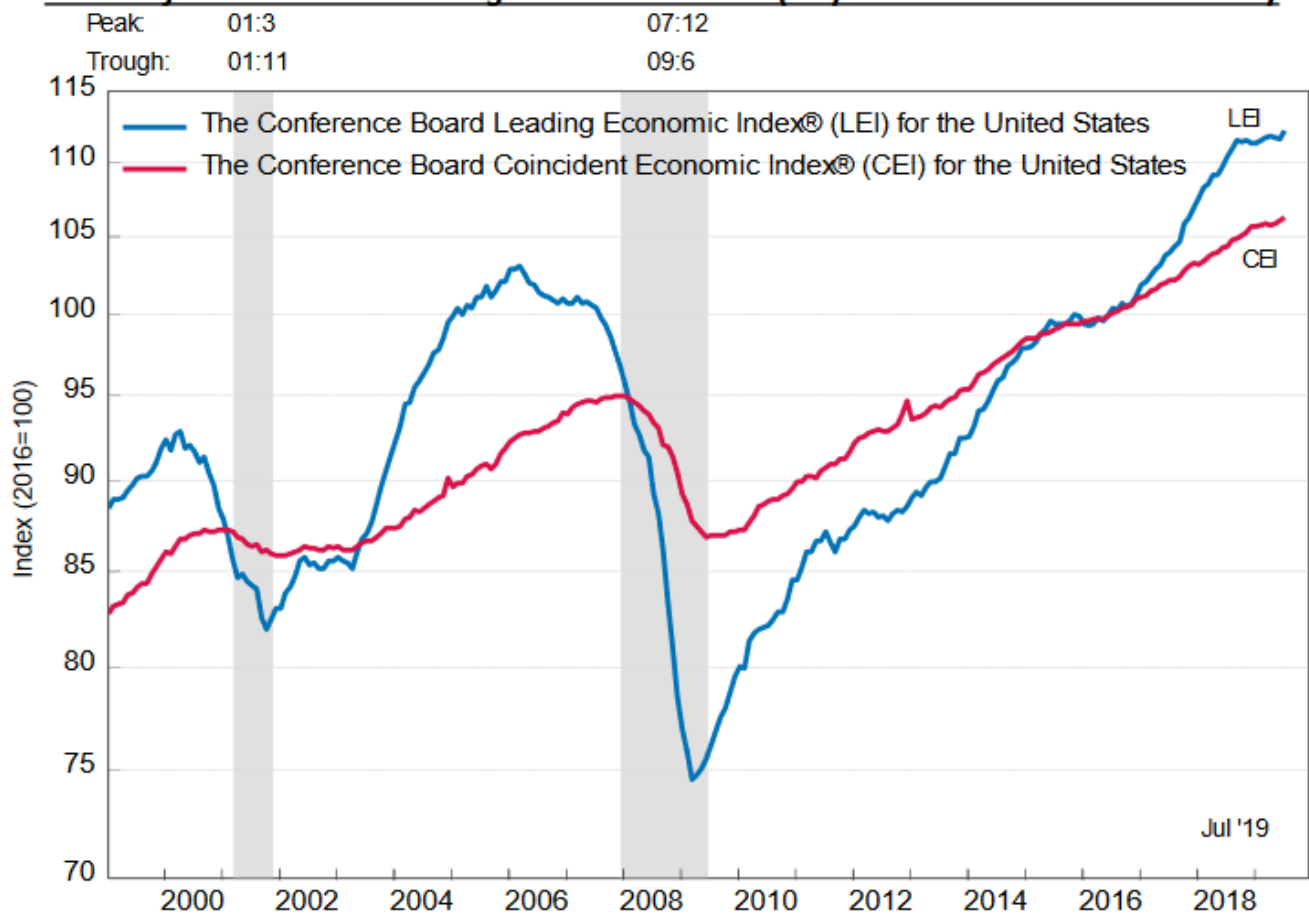
About *The Conference Board Leading Economic Index® (LEI)* for the US:

The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component – primarily because they smooth out some of the volatility of individual components.

The ten components of The Conference Board Leading Economic Index® for the US include:

- Average weekly hours, manufacturing
- Average weekly initial claims for unemployment insurance
- Manufacturers' new orders, consumer goods and materials
- ISM® Index of New Orders
- Manufacturers' new orders, nondefense capital goods excluding aircraft orders
- Building permits, new private housing units
- Stock prices, 500 common stocks
- Leading Credit Index™
- Interest rate spread, 10-year Treasury bonds less federal funds
- Average consumer expectations for business condition

The Conference Board Leading Economic Index® (LEI) for the U.S. increased in July



Summary Table of Composite Economic Indexes

	2019			6-month Jan to Jul	
	May	Jun	Jul		
Leading Index	111.7 r	111.6 r	112.2 p		
Percent Change	-0.1 r	-0.1 r	0.5 p	0.8	
Diffusion	55.0	55.0	55.0	70.0	
Coincident Index	105.8	106.0 r	106.2 p		
Percent Change	0.1 r	0.2 r	0.2 p	0.6	
Diffusion	87.5	100.0	75.0	50.0	
Lagging Index	107.3 r	107.8 r	108.5 p		
Percent Change	-0.1 r	0.5 r	0.6 p	1.6	
Diffusion	50.0	57.1	64.3	71.4	

p Preliminary r Revised

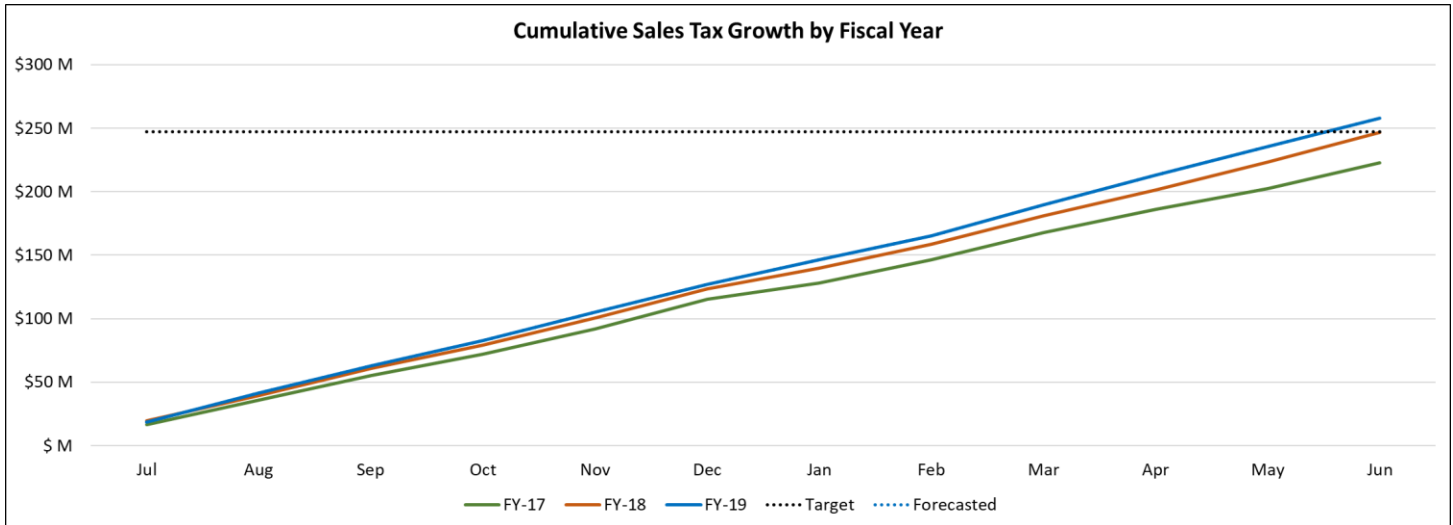
Indexes equal 100 in 2016

Source: The Conference Board

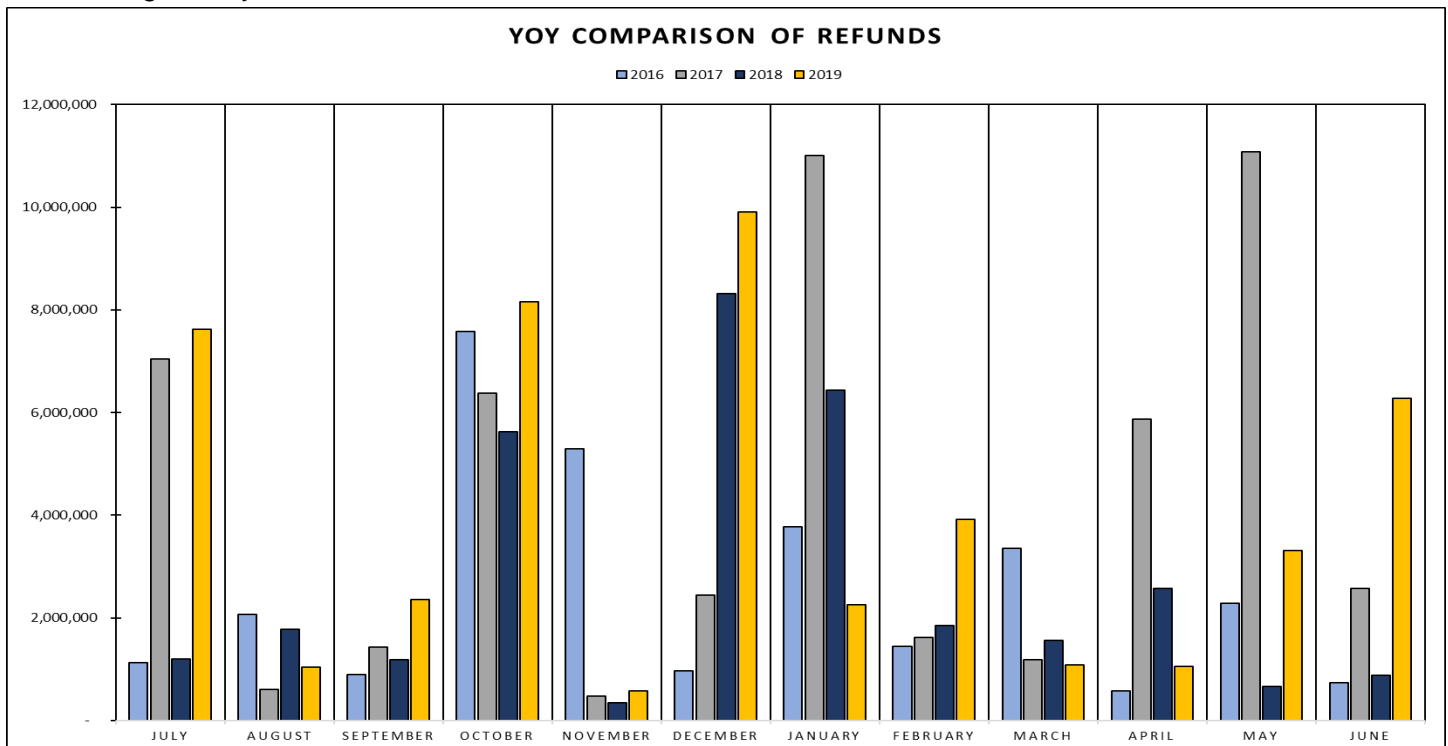
Sales Tax

Sales tax revenues finish the year with a 4.6% growth. Refunding activity started the year strong but slowed in the latter half of the fiscal year.

For FY19 Mecklenburg County brought in \$257.9 million in sales taxes. This represents a 4.6% increase over FY18.



Total refunds for the year were \$47.5 million which was \$15.1 mil over FY18. Refunds for the fiscal year started out with 62% of the total refunds hitting within the first half of the fiscal year. In the second half refunding activity slowed.



Source: North Carolina Department of Revenue (NCDOR)

Mecklenburg County Office Market Statistics

The office market is one of the fastest growing in the nation

Summary

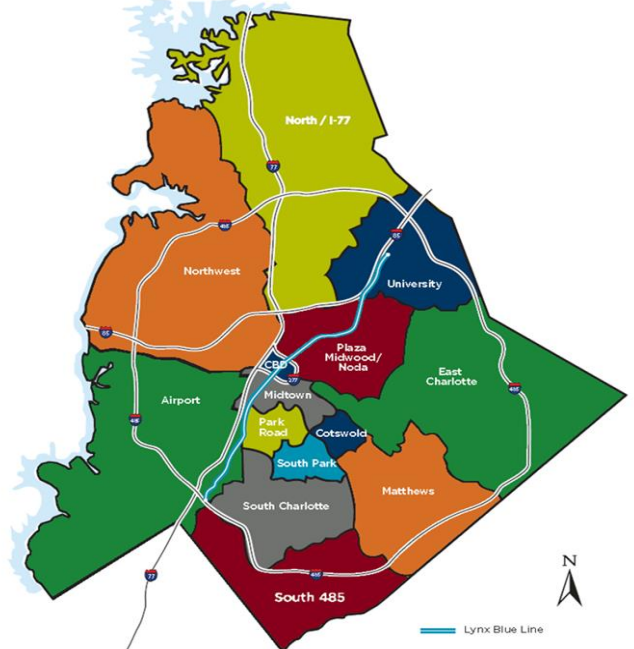
2019 is forecasted to be a record year as Mecklenburg County has delivered 2.1 million square feet (msf) of office space midway through the year. Of the 3.1 msf currently under construction, 444,000 square feet (sf) is scheduled to come available in 2019. That would be the highest amount of delivered office space the County has brought online since 2008.

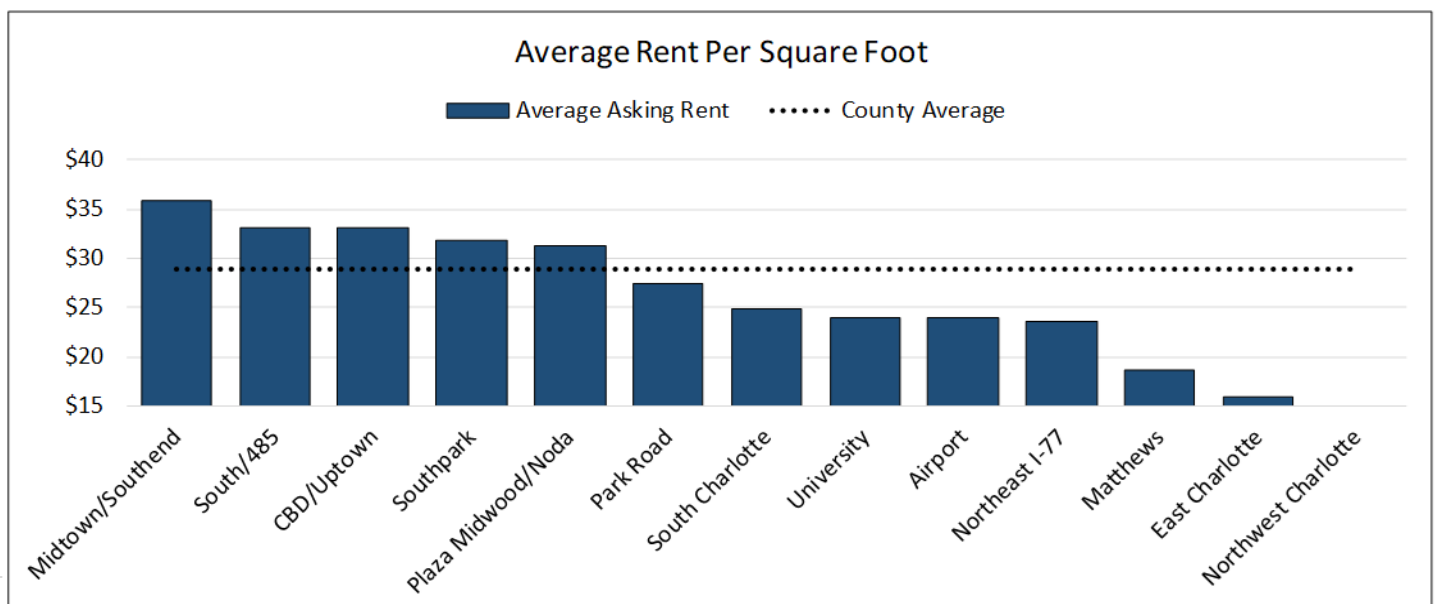
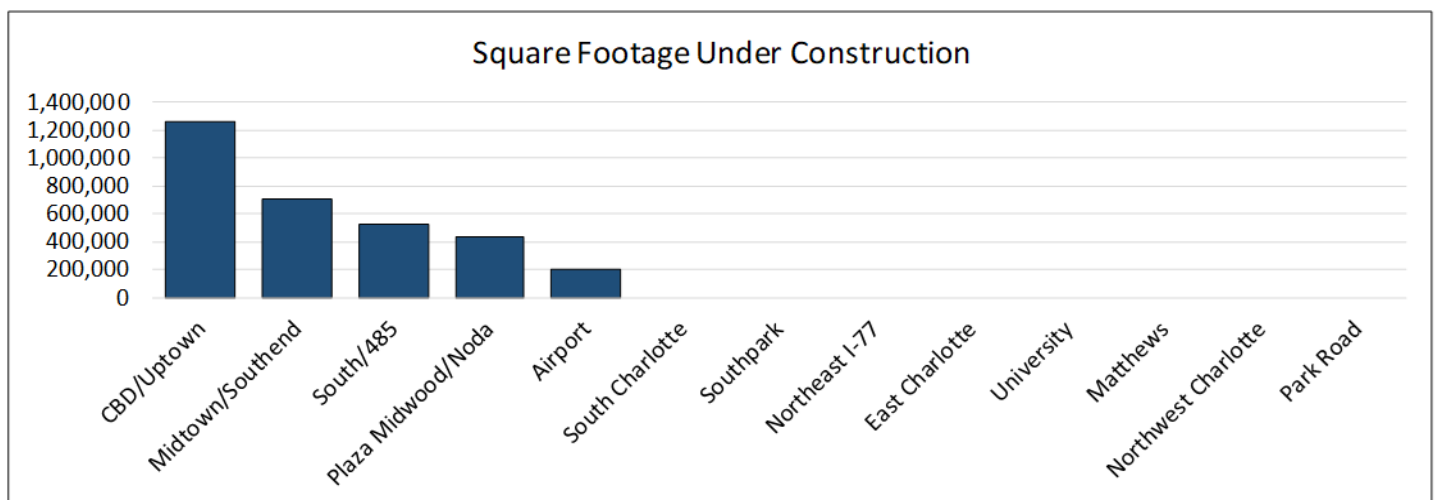
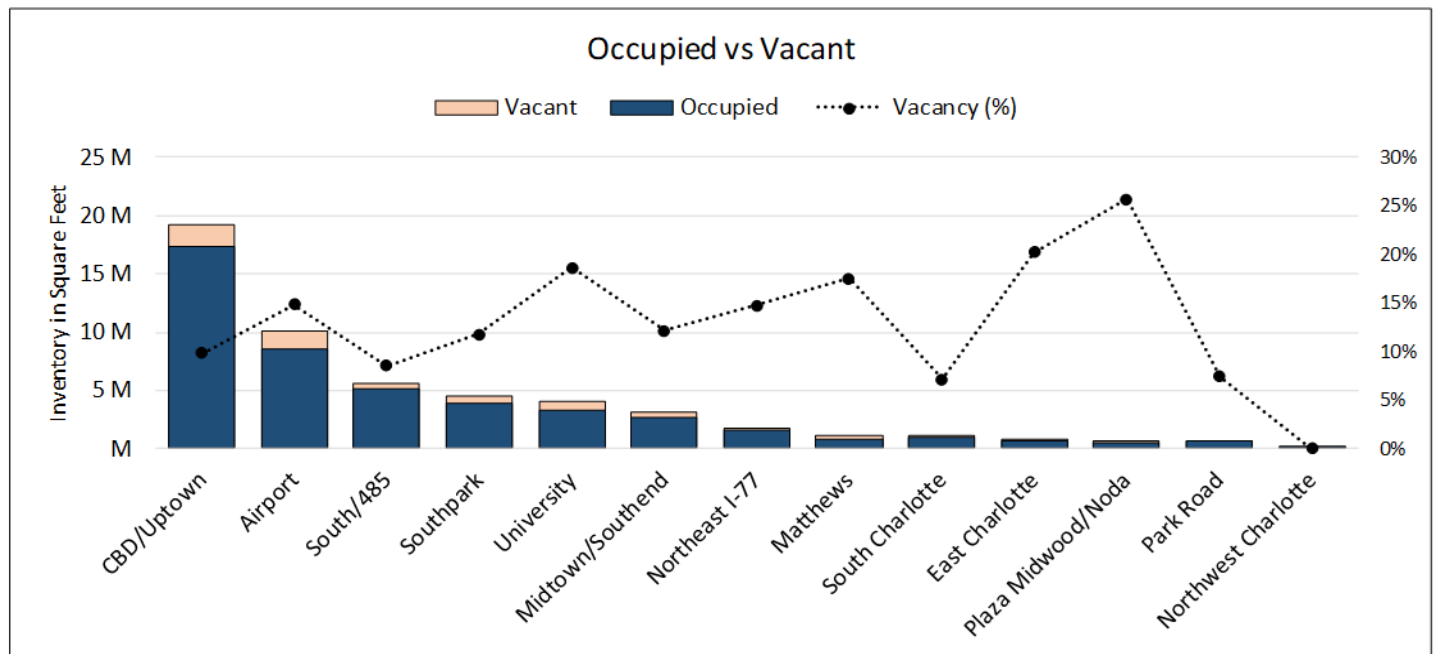
Urban Market

Two of the largest lease transactions in 2019 occurred in the CBD/Uptown submarket. Truist bank announced that it will be occupying 561,000 sf at Hearst Tower, and Honeywell will be moving into 280,000 sf at Legacy Union - Phase III, after the mid 2021 expected delivery date. The 853,000-sf Bank of America Tower has been the only completed construction year-to-date and CBD/Uptown currently has 1.2 msf under construction. Year-over-year the vacancy rate decreased from 12.7% and is at a low point of 9.8%. Average gross asking rents increased to \$33.11 per sf and are expected to climb as the market tightens with no new deliveries scheduled until next year. The largest sale transaction of 2019 occurred in Charlotte's CBD/Uptown submarket with LRC Properties and Barings selling 101 N Tryon St to Nuveen and Crescent Communities for \$132.3 million at \$252 per sf.

Suburban Market

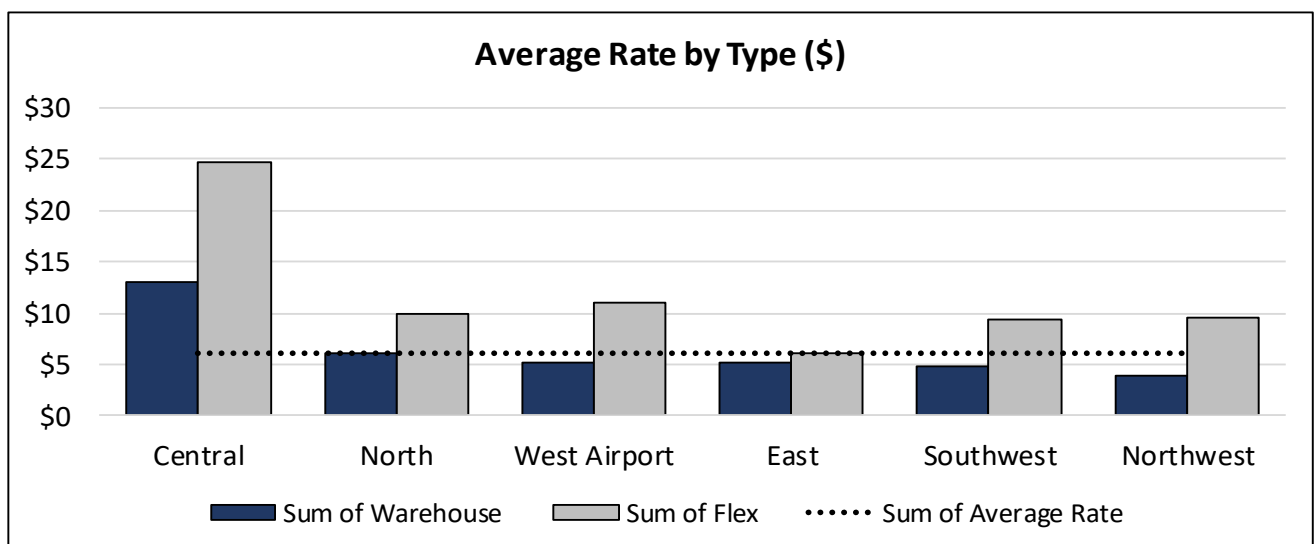
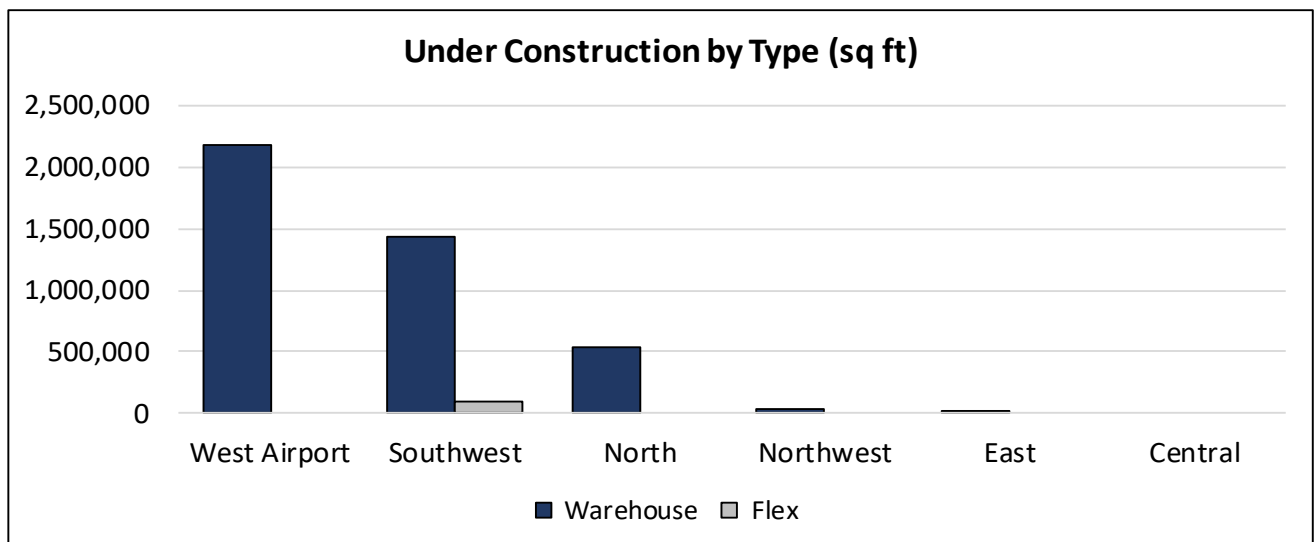
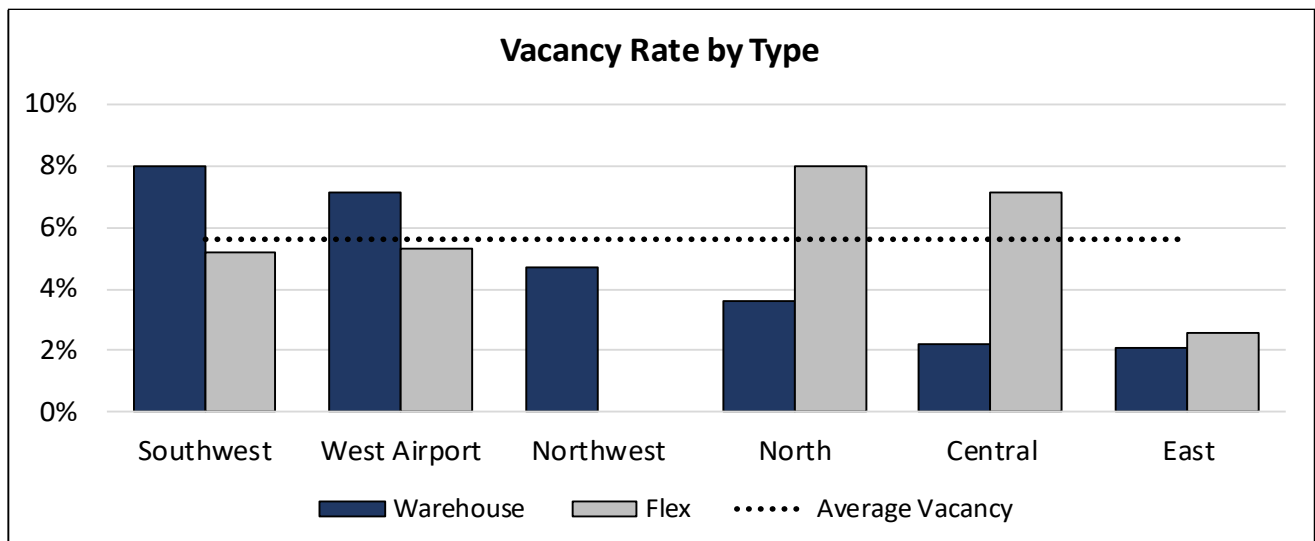
Charlotte's Midtown submarket continues to thrive and is viewed as a viable alternative to CBD/Uptown for large corporate relocations. Lowe's has recently announced that it will be relocating 2,000 employees to Charlotte in a new office tower named the Design Center Tower. Lending Tree announced it will be taking 175,000 sf in the West Tower at the newly announced Spectrum Site. In Ballantyne, a new master plan was announced that will bring more mixed-use to the 535-acre office park. Developer Northwood Investors recently begun construction on a 328,000-sf office building located at 13146 Ballantyne Corporate Place. Year-to-date Mecklenburg County's suburban submarkets absorbed 1.1 msf of office bringing the vacancy rate down from 14.4% to 13.6% year-over-year.





OFFICE MARKET STATISTICS - SECOND QUARTER 2019									
Submarket	Total Buildings	Inventory (SF)	Direct Vacant (SF)	Total Vacant (SF)	Overall Vacancy	YTD Net Absorption	YTD Deliveries (SF)	Under Construction	Average Asking Rent
CBD/Uptown	45	19,231,596	1,771,766	1,890,211	9.8%	1,028,647	853,073	1,260,915	\$33.11
Midtown/Southeast	50	3,121,390	361,898	378,644	12.1%	555,427	813,220	708,713	\$35.77
Urban Market Total	95	22,352,986	2,133,664	2,268,855	10.2%	1,584,074	1,666,293	1,969,628	\$33.48
Northeast I-77	28	1,827,698	224,383	269,538	14.7%	18,043	-	-	\$23.67
Northwest Charlotte	1	23,278	-	0	0.0%	0	-	-	\$0.00
University	42	4,094,321	718,480	761,447	18.6%	-6,344	-	-	\$24.02
Plaza Midwood/Noda	6	669,585	171,731	171,731	25.6%	113,620	245,351	437,322	\$31.23
Airport	117	10,055,895	1,427,542	1,493,005	14.8%	214,062	63,933	202,469	\$23.88
Park Road	7	658,415	49,107	49,107	7.5%	14,865	-	-	\$27.38
Matthews	25	1,065,780	186,631	186,631	17.5%	19,140	-	-	\$18.64
South/485	51	5,647,289	453,616	483,422	8.6%	83,470	154,000	526,831	\$33.16
South Charlotte	19	1,060,386	74,431	76,179	7.2%	19,342	-	-	\$24.89
East Charlotte	16	870,346	175,671	175,671	20.2%	-23,411	-	-	\$15.90
Southpark	38	4,506,613	418,477	533,010	11.8%	46,632	-	-	\$31.84
Suburban Market Total	350	30,479,606	3,900,069	4,199,741	13.8%	499,419	463,284	1,166,622	\$26.63
Class A	209	37,022,095	4,034,392	4,422,960	11.9%	1,858,765	1,987,880	2,970,068	\$31.07
Class B	236	15,810,497	1,999,341	2,045,636	12.9%	224,728	141,697	166,182	\$23.81
Charlotte Metro Total	445	52,832,592	6,033,733	6,468,596	12.2%	2,083,493	2,129,577	3,136,250	\$28.81

OFFICE MARKET STATISTICS - FIRST QUARTER 2019									
Submarket	Total Buildings	Inventory (SF)	Direct Vacant (SF)	Total Vacant (SF)	Overall Vacancy (%)	YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)	Average Asking Rent
CBD/Uptown	44	18,381,025	1,584,175	1,710,329	9.3%	381,967	-	1,957,573	\$33.16
Midtown/Southeast	45	2,389,070	211,838	224,546	9.4%	-28,733	-	843,220	\$35.96
Urban Market Total	89	20,770,095	1,796,013	1,934,875	9.3%	353,234	-	2,800,793	\$31.11
Northeast I-77	28	1,827,698	232,198	279,077	15.3%	10,228	-	-	\$23.63
Northwest Charlotte	1	23,278	-	0	0.0%	0	-	50,000	\$0
University	42	4,094,321	722,393	730,820	17.8%	-10,257	-	-	\$23.73
Plaza Midwood/Noda	3	424,234	40,000	40,000	9.4%	0	-	597,717	\$31.23
Airport	116	9,988,124	1,582,859	1,642,583	16.4%	-5,188	-	422,817	\$23.52
Park Road	7	656,979	53,264	61,094	9.3%	10,708	-	-	\$27.45
Matthews	25	1,065,780	188,109	188,109	17.6%	17,662	-	-	\$18.61
South/485	50	5,493,289	337,951	370,658	6.7%	45,135	-	352,831	\$33.24
South Charlotte	19	1,060,386	88,643	89,913	8.5%	5,130	-	-	\$23.66
East Charlotte	16	859,420	191,088	191,745	22.3%	-22,759	-	-	\$15.85
Southpark	38	4,504,171	525,859	600,736	13.3%	-60,750	-	-	\$32.09
Suburban Market Total	345	29,997,680	3,962,364	4,194,735	14.0%	(10,091)	-	1,423,365	\$25.99
Class A	199	35,025,111	3,459,554	3,772,979	10.8%	445,723	-	4,050,992	\$30.95
Class B	235	15,742,664	2,298,823	2,356,631	15.0%	-102,580	-	173,166	\$23.40
Charlotte Metro Total	434	50,767,775	5,758,377	6,129,610	12.1%	343,143	0	4,224,158	\$28.65



Mecklenburg Warehouse Market Statistics

Mecklenburg County's warehouse market continues to thrive as low levels of supply and increased demand push rates higher.

Market Outlook

- High levels of new construction for warehouse will increase the vacancy rate in the short term until new deliveries are leased or existing space is backfilled. The lack of new construction for flex product will continue to drive down vacancy.
- Rates will continue to rise as new supply remains limited. Rental rates for warehouse space will increase further over the next year. New product coming to the market will demand a higher price.
- Absorption levels will remain high for warehouse product, fueled by strong user demand. Absorption of flex space will stay positive in 2019, but in lower volumes due to a lack of quality product.
- Continued emergence of eCommerce will impact future redevelopment and development of bulk warehouse facilities as demand increases for “last mile” distribution centers.

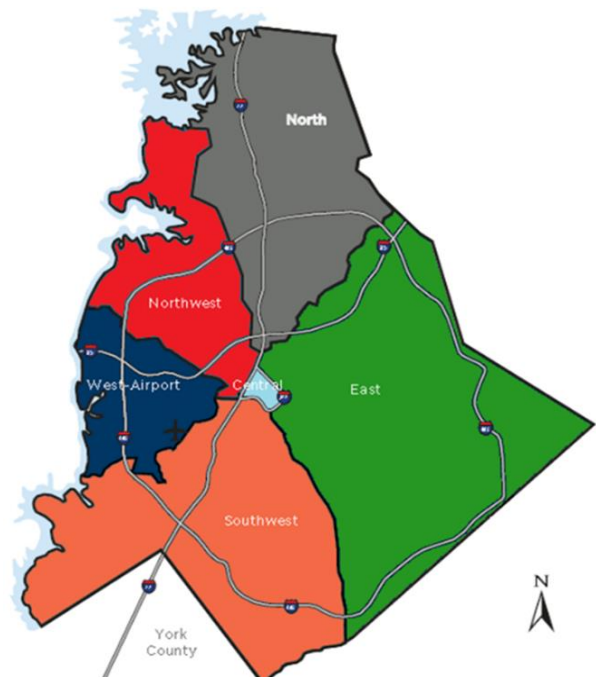
Warehouse Market Overview

Mecklenburg County has 4.3 million square feet of new warehouse space under construction in the 2nd quarter of 2019 whereas the 2nd quarter of 2018 had 1.6 million square feet under construction. Most of the new construction is comprised of large warehouses, only 104,000 square ft of the 4.3 million is for flex space (1818 Westinghouse Blvd).

The new construction is highly concentrated in the West-Airport and Southwest markets with 83% of the total under construction projects located in these two markets.

Even with the large amount of new space coming available absorption rates are at 5.1 million square feet. The new supply has increased the vacancy rate from 4.5% to 5.6% and it is expected to further increase as under construction projects become available.

Growth in rates are up 9.8% to \$6.02 since the 2nd quarter of 2018 reflecting the high levels of demand for warehouse space in the County. The Central market showed the highest increase in rates with warehouse and flex space up 20.3% and 23.2% respectively.



INDUSTRIAL MARKET STATISTICS - Q2 2019									
Submarket	Total Buildings	Inventory (SF)	Total Vacancy (SF)	Vacancy Rate	Absorption (SF)	Past Four QTR Absorption	Completions (SF)	Under Construction (SF)	Weighted Average Rent per SF
Warehouse									
Central	151	4,326,274	96,198	2.2%	7,233	(1,628)	-	-	\$12.95
East	228	10,371,420	216,248	2.1%	38,668	(14,838)	-	24,000	\$5.10
North	586	32,023,289	1,146,352	3.6%	(176,776)	49,880	168,480	543,672	\$6.11
Northwest	226	13,558,163	632,176	4.7%	626,271	771,434	-	32,000	\$3.98
Southwest	477	42,480,335	3,402,746	8.0%	3,402,746	(109,145)	-	1,435,106	\$4.82
West Airport	479	20,565,169	1,456,042	7.1%	1,456,042	(182,823)	240,818	2,179,253	\$5.25
Flex									
Central	13	558,481	39,868	7.1%	(11,940)	(9,276)	-	-	\$24.61
East	74	3,034,288	79,541	2.6%	(35,655)	(28,642)	-	-	\$6.07
North	118	4,836,423	387,957	8.0%	(196,867)	6	-	-	\$9.97
Northwest	12	533,178	-	0.0%	-	20,915	-	-	\$9.60
Southwest	124	4,848,270	251,426	5.2%	57,405	129,212	-	104,000	\$9.43
West Airport	137	4,545,935	239,177	5.3%	(54,261)	50,497	-	-	\$11.00
By Property Type									
Total Warehouse	2,147	123,324,650	6,949,762	5.6%	5,354,184	512,880	409,298	4,214,031	\$5.44
Total Flex	478	18,356,575	997,969	5.4%	(241,318)	162,712	-	104,000	\$9.87
Mecklenburg Total	2,625	141,681,225	7,947,731	5.6%	5,112,866	675,592	409,298	4,318,031	\$6.02

INDUSTRIAL MARKET STATISTICS - Q2 2018									
Submarket	Total Buildings	Inventory (SF)	Total Vacancy (SF)	Vacancy Rate	Absorption (SF)	Past Four QTR Absorption	Completions (SF)	Under Construction (SF)	Weighted Average Rent per SF
Warehouse									
Central	156	4,434,446	94,570	2.1%	3,000	27,710	-	-	10.32
East	227	10,265,058	242,856	2.4%	440,806	4,184	-	-	3.65
North	584	30,982,512	796,751	2.6%	15,912	176,999	-	1,071,705	5.64
Northwest	225	13,422,081	1,402,010	10.4%	(168,075)	(308,170)	-	-	3.72
Southwest	474	42,434,787	1,846,676	4.4%	1,139,456	1,527,900	758,760	205,400	4.5
West Airport	475	19,913,251	784,480	3.9%	186,460	631,191	202,148	314,420	5.18
Flex									
Central	14	590,333	24,542	4.2%	(3,487)	(22,092)	-	-	18.9
East	76	3,037,683	52,969	1.7%	(7,214)	5,323	-	-	7.23
North	117	4,822,930	391,063	8.1%	896	20,030	-	-	9.6
Northwest	12	448,593	20,915	4.7%	(17,140)	(14,950)	-	-	10.27
Southwest	117	4,574,705	376,714	8.2%	21,302	155,873	-	45,600	9.69
West Airport	134	4,598,285	289,674	6.3%	4,912	126,150	-	-	8.39
By Property Type									
Total Warehouse	2,141	121,452,135	5,167,343	4.3%	1,617,559	2,059,814	960,908	1,591,525	\$4.88
Total Flex	470	18,072,529	1,155,877	6.4%	(731)	270,334	-	45,600	\$9.09
Mecklenburg Total	2,611	139,524,664	6,323,220	4.5%	1,616,828	2,330,148	960,908	1,637,125	\$5.43

INDUSTRIAL MARKET STATISTICS - YEAR-OVER-YEAR COMPARISON											
Submarket		Total Buildings	Inventory (SF)	Total Vacancy (SF)	Vacancy Rate	Absorption (SF)	Past Four QTR Absorption	Completions (SF)	Under Construction (SF)	Weighted Average Rent per SF	
Warehouse											
Central	(5)	(108,172)	1,628	0.10%	4,233	(29,338)	-	-	\$	2.63	
East	1	106,362	(26,608)	-0.30%	(402,138)	(19,022)	-	24,000	\$	1.45	
North	2	1,040,777	349,601	1.00%	(192,688)	(127,119)	168,480	(528,033)	\$	0.47	
Northwest	1	136,082	(769,834)	-5.70%	794,346	1,079,604	-	32,000	\$	0.26	
Southwest	3	45,548	1,556,070	3.60%	2,263,290	(1,637,045)	(758,760)	1,229,706	\$	0.32	
West Airport	4	651,918	671,562	3.20%	1,269,582	(814,014)	38,670	1,864,833	\$	0.07	
Flex											
Central	(1)	(31,852)	15,326	2.90%	(8,453)	12,816	-	-	\$	5.71	
East	(2)	(3,395)	26,572	0.90%	(28,441)	(33,965)	-	-	\$	(1.16)	
North	1	13,493	(3,106)	-0.10%	(197,763)	(20,024)	-	-	\$	0.37	
Northwest	-	84,585	(20,915)	-4.70%	17,140	35,865	-	-	\$	(0.67)	
Southwest	7	273,565	(125,288)	-3.00%	36,103	(26,661)	-	58,400	\$	(0.26)	
West Airport	3	(52,350)	(50,497)	-1.00%	(59,173)	(75,653)	-	-	\$	2.61	
By Property Type											
Total Warehouse	6	1,872,515	1,782,419	1.38%	3,736,625	(1,546,934)	(551,610)	2,622,506	\$	0.56	
Total Flex	8	284,046	(157,908)	-0.96%	(240,587)	(107,622)	-	58,400	\$	0.78	
Mecklenburg Total		14	2,156,561	1,624,511	1.1%	3,496,038	(1,654,556)	(551,610)	2,680,906	\$0.59	

INDUSTRIAL MARKET STATISTICS - YEAR-OVER-YEAR COMPARISON										
Submarket		Total Buildings	Inventory (SF)	Total Vacancy (SF)	Vacancy Rate	Absorption (SF)	Past Four QTR Absorption	Completions (SF)	Under Construction (SF)	Weighted Average Rent per SF
Warehouse										
Central	-3.3%	-2.5%	1.7%	4.3%	58.5%	1802.1%				20.3%
East	0.4%	1.0%	-12.3%	-14.3%	-1040.0%	128.2%		100.0%		28.4%
North	0.3%	3.3%	30.5%	27.8%	109.0%	-254.8%	100.0%		-97.1%	7.7%
Northwest	0.4%	1.0%	-121.8%	-121.3%	126.8%	139.9%		100.0%		6.5%
Southwest	0.6%	0.1%	45.7%	45.0%	66.5%	1499.9%		85.7%		6.6%
West Airport	0.8%	3.2%	46.1%	45.1%	87.2%	445.2%	16.1%	85.6%		1.3%
Flex										
Central	-7.7%	-5.7%	38.4%	40.8%	70.8%	-138.2%				23.2%
East	-2.7%	-0.1%	33.4%	34.6%	79.8%	118.6%				-19.1%
North	0.8%	0.3%	0.8%	-1.3%	100.5%	-333733.3%				3.7%
Northwest	0.0%	15.9%				171.5%				-7.0%
Southwest	5.6%	5.6%	-49.8%	-57.7%	62.9%	-20.6%		56.2%		-2.8%
West Airport	2.2%	-1.2%	-21.1%	-18.9%	109.1%	-149.8%				23.7%
By Property Type										
Total Warehouse	0.3%	1.5%	25.6%	24.5%	69.8%	-301.6%	-134.8%		62.2%	10.3%
Total Flex	1.7%	1.5%	-15.8%	-17.6%	99.7%	-66.1%			56.2%	7.9%
Mecklenburg Total	0.5%	1.5%	20.4%	19.2%	68.4%	-244.9%	-134.8%		62.1%	9.8%

Green bars are positive year-over-year factors, red are negative factors. IE both inventory and vacancy are up in a given market red is used for the increased vacancy and green is used to designate the increased inventory.

Source: Cushman & Wakefield Charlotte NC Industrial MarketBeat Report

Mecklenburg County Housing Market Statistics

The housing market picked up last month with low mortgage rates contributing to buying activity

Mecklenburg County's year-over-year home sales for August increased 3.1%, with 1,949 properties sold compared to 1,890 properties sold over the same period last year. Pending sales are up 23.9% for the month with 2,107 this year compared to 1,701 in the previous year.

New listings year-over-year were up 6.6% with 2,384 properties up for sale compared to 2,236 properties up for sale over the same period last year.

Average home price in August for the county is up year-over-year by 5.0% at \$340,674 compared to \$324,464 in August 2018.

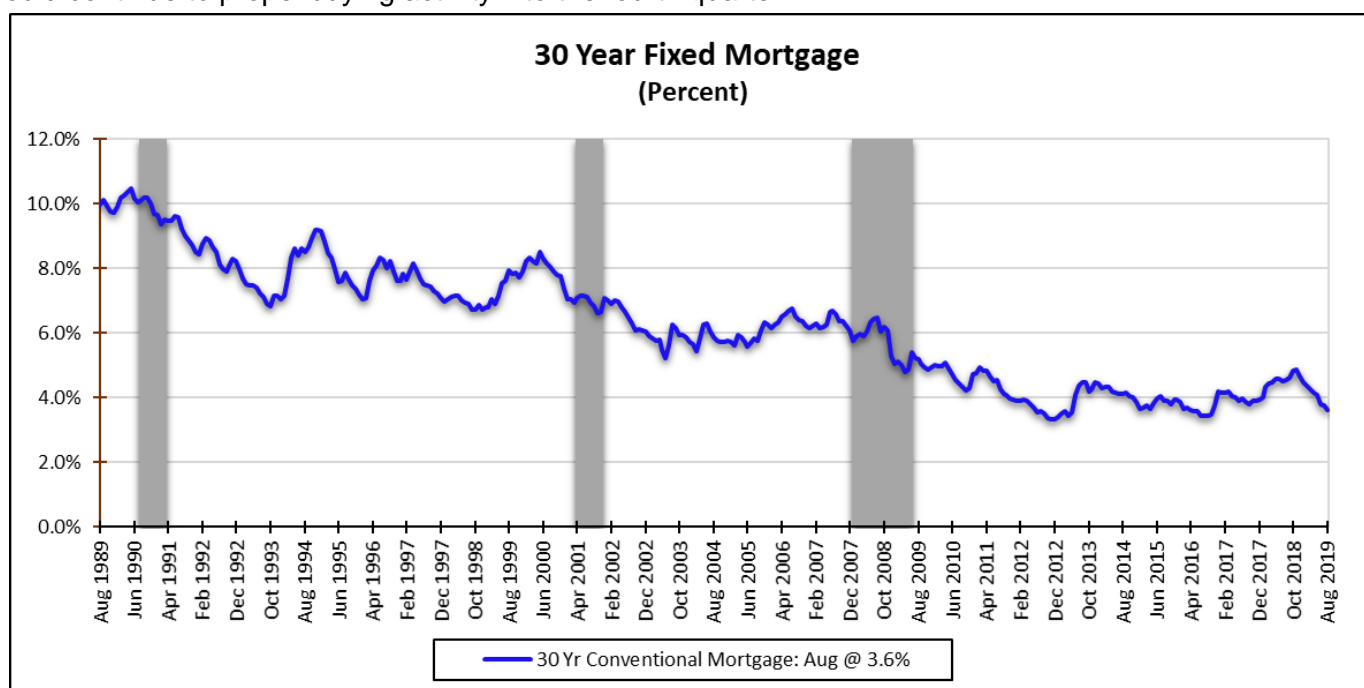
August represents a departure from past months with many of the metrics showing improvements such as closed sales, pending sales, and new listings all increasing while the overall supply of available homes for sale has been diminishing. This increased demand with shrinking supply, down 11% since last year, will contribute to increasingly higher average sales prices.

Affordable housing may become even harder to find for some individuals not only due to the competition for existing homes that is pushing prices higher, but also because the new construction in the County has tended to favor more expensive homes.

On the other hand, the pace of home sales is still off the highs we experienced last year with list to close and days on market taking a few days more to clear.

Leading the charge in home value growth year-to-date is Uptown Charlotte at 12.2%, followed by Matthews at 11.3%, and the City of Charlotte at 6.8%. Lackluster growth in housing prices in the County were Huntersville down 0.1% and Lake Norman which is flat for the year.

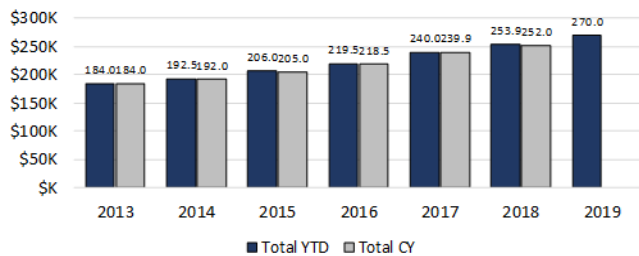
One of the main drivers of the recent buying activity has been the decline in mortgage rates. As shown below in the graph the current rate around 3.5% is near the record lows experienced in 2012. Low interest rates should continue to propel buying activity into the fourth quarter.



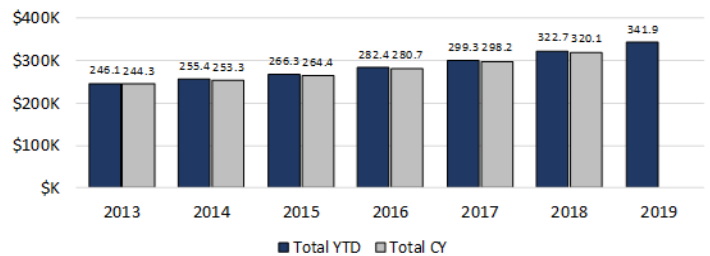
Mecklenburg County			August			Year to Date		
Key Metrics	2018	2019		Percent Change		Thru 8-2018	Thru 8-2019	Percent Change
New Listings	2,236	2,384	↑	6.6%		18,133	18,392	↑ 1.4%
Pending Sales	1,701	2,107	↑	23.9%		14,537	15,333	↑ 5.5%
Closed Sales	1,890	1,949	↑	3.1%		13,939	13,846	↓ -0.7%
Median Sales Price*	256,495	270,000	↑	5.3%		253,850	270,000	↑ 6.4%
Average Sales Price*	324,464	340,674	↑	5.0%		322,743	341,922	↑ 5.9%
Percent of Original List Price Received	97.5%	97.2%	↓	-0.3%		98.0%	97.2%	↓ -0.8%
List to Close	78	83	↓	6.4%		81	86	↓ 6.2%
Days on Market Until Sale	31	34	↓	9.7%		32	37	↓ 15.6%
Cumulative Days on Market Until Sale	36	39	↓	8.3%		38	45	↓ 18.4%
Inventory of Homes for Sale	3,886	3,458		-11.0%				
Months Supply of Inventory	2.3	2.0		-13.0%				

* Does not account for sale concessions and /or down payment assistance.

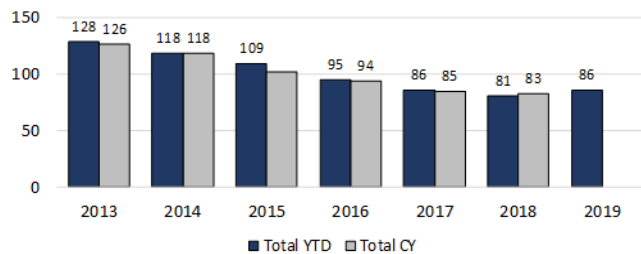
Median Sales Price



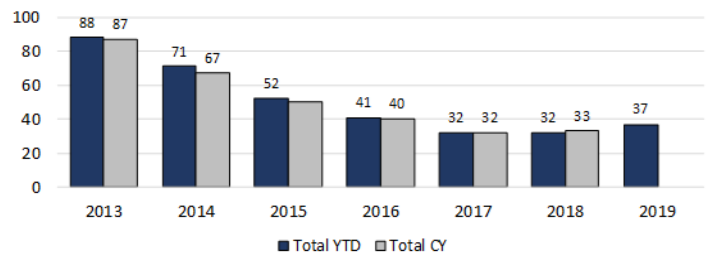
Average Sales Price



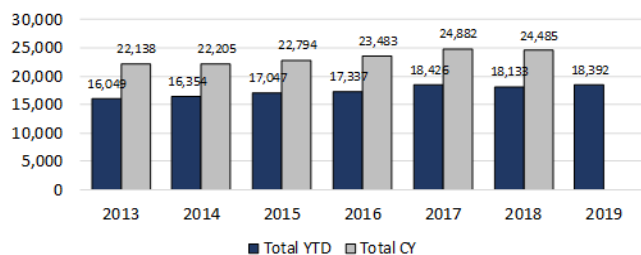
List to Close



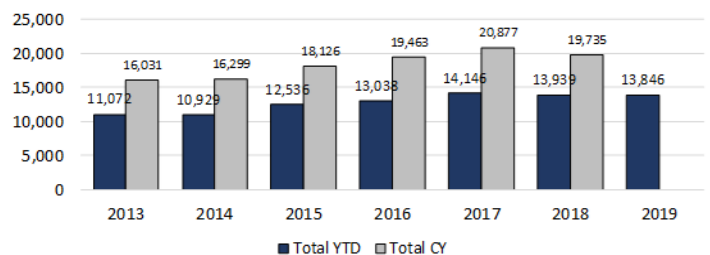
Days on Market Until Sale



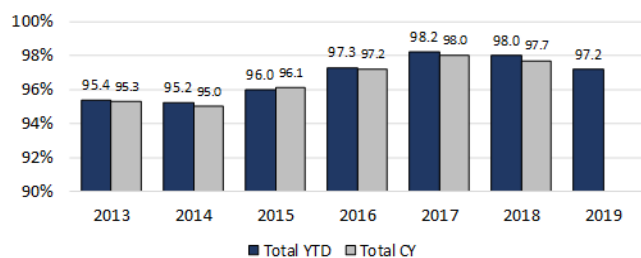
New Listings



Closed Sales



Percent of Original List Price Received



Cumulative Days on Market Until Sale

